

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary    Public

**Date:** 8/7/2015

**GAIN Report Number:** IT1563

## Greece

**Post:** Rome

### **Greek Prime Minister to Review Rural Development and Food Program**

**Report Categories:**

Policy and Program Announcements

Agricultural Situation

**Approved By:**

Christine Sloop

**Prepared By:**

Dimosthenis Faniadis

**Report Highlights:**

On August 5, the Greek Prime Minister, Alexis Tsipras, met with the Minister of Productive Reform, Environment, & Energy, Panos Skourletis, and the Deputy Minister of Rural Development and Food, Vangelis Apostolou, to discuss the change in taxes that will be applied to farmers and the implementation of the EU's Rural Development Program (2014-2020).

**General Information:**

On August 5, the Greek Prime Minister, Alexis Tsipras, met with the Minister of Productive Reform, Environment, & Energy, Panos Skourletis, and the Deputy Minister of Rural Development and Food, Vangelis Apostolou, to discuss the change in taxes that will be applied to farmers and the implementation of the EU's Rural Development Program (2014-2020). Apostolou said before the meeting that 'the new Rural Development Program 2014-2020 is structured around two interrelated objectives: 1) the independency of the Greek rural economy from subsidies, which will be achieved with a gradual transition to a qualitative model of an export-oriented agricultural sector; and, 2) the overall development of rural areas to create the conditions for economic, social and environmental upgrading of the Greek countryside'.

**Meeting participants:**

- Alexis Tsipras, Greek Prime Minister
- Panos Skourletis, Minister of Productive Reform, Environment, & Energy
- Vangelis Apostolou, Deputy Minister of Rural Development and Food
- Panagiotis Sgouridis, Vice-Minister of Rural Development and Food

The Greek Prime Minister, Alexis Tsipras, said after the meeting 'paying the debt without having any growth, makes no sense'. He noted on the taxes issue that 'we are going to differentiate professional farmers from citizens who have additional agricultural income, and we will argue during the negotiation with creditors to allow farmers to prepay only half of the tax amount and also a reduced VAT of 13 percent'. He added that there will be a fair tax system which will encourage young people to become professional farmers. 'The target is to move agriculture forward to through new cooperation measures and to produce value added products'. The Minister of Productive Reform, Environment, & Energy, Panos Skourletis said that 'we will try our best to be fair to the farmers', and added 'the deal with the creditors was very difficult, we will try to implement as many commitments, opinions, and concepts that were agreed with our own plan for rural development. In depth production reform cannot just be a slogan'.

The key points from the Prime Minister's press conference can be summarized as follows:

- The EU's Rural Development Program (2014-2020) will make available funds valued at €6 billion of which €4.7 billion will be EU funding.
- With optimum management, there is the possibility for 50,000 new jobs to be created using the EU Rural Development Program (2014-2020).
- Tsipras admitted that the deal with creditors contained some points that may be 'thorns' for Greek society and that there needs to be balance in the measures. Persistent low salaries and increasing retail prices in the face of the austerity measures Greece has already applied is unacceptable.

- Agriculture remains an important sector and young people need to be given incentives to pursue the field professionally as a career.
- Professional Farmers will be distinguished from citizens who have an additional agricultural income. Farmers will only have to prepay half the normal tax rate unlike other entities which have to prepay the entire sum. Also, they will only pay a 13 percent VAT, rather than the 23 percent rate.
- The government will encourage new cooperatives and business initiatives in this sector thru a new law on Cooperatives.
- A new law relating to forage land will be enacted in accordance with the EU's livestock, feed and environmental policies. This will help livestock producers access EU funds valued at €2.4 billion.